



2017 ORDER EXECUTION REPORT

As part of the requirements implemented through the Markets in Financial Instrument Directive (MiFID II), which came into force on 3rd January 2018, investment firms including Northern Trust Global Investments Limited (“NTGIL”) must publish a summary of the analysis and conclusions they drew from monitoring of executions of client orders for the previous calendar year.

Additionally, firms which transmit client orders to third parties for execution must publish equivalent details for such arrangements.

NTGIL operates as a discretionary portfolio manager, entering into transactions solely acting as agent for its clients. Client orders are handled and executed in accordance with NTGIL’s order execution policy and subject to NTGIL’s requirements to achieve best execution.

NTGIL executed and/or transmitted for execution client orders in the following classes of financial instruments (as defined under MiFID II) during 2017:

- Equities (Shares and Depository Receipts)
- Debt Securities (Bonds and Money Market Instruments)
- Derivatives (Currency Derivatives and Equity Derivatives)
- Securities Financing Transactions (Tri-party Reverse Repurchase agreements)

For each instrument class, the following documents detail the top five firms to which NTGIL transmitted orders and, where applicable, the top five venues on which NTGIL executed client orders.

- [2017 Order Execution Report- Equities](#)
- [2017 Order Execution Report- Fixed Income](#)
- [2017 Order Execution Report - Derivatives](#)
- [2017 Order Execution Report - Securities Financing Transactions](#)

MANAGEMENT OF CONFLICTS OF INTERESTS

Northern Trust’s European entities, including NTGIL, maintain effective arrangements for identifying and managing potential and actual Conflicts of Interest (“Conflicts”) and inducements. The Northern Trust EMEA Conflicts of Interest Policy & Inducements Policy is designed to help meet those obligations.

The Policy applies to all employees and others acting on behalf of an Northern Trust group entity who is assigned to work or provide services to Northern Trust EMEA, whether located inside or outside the region. A conflict may arise within Northern Trust’s business areas in the course of providing services:

- Between our own business interests and those of our clients; and
- Between the interests of our clients

CLOSE LINKS AND COMMON OWNERSHIPS

Through its group structure Northern Trust Corporation is a leading provider of investment management, asset and fund administration, banking solutions and fiduciary services. The Northern Trust Company (TNTC) is the principal subsidiary of Northern Trust Corporation. Subsidiaries and affiliations include banks, trust companies, and financial institutions and the firms which comprise our asset management business, collectively referred to as Northern Trust Asset Management.

Northern Trust Asset Management comprises: Northern Trust Global Investments Limited, Northern Trust Investments, Inc., Northern Trust Global Investments Japan, K.K., NT Global Advisors, Inc., 50 South Capital Advisors, LLC, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

Equity and derivative orders for NTGIL clients may be transmitted to affiliated entities Northern Trust Investments Inc. or the Northern Trust Company Hong Kong Limited, both of which act as agent and transmit the order to an approved external broker or trading venue for execution. The firms handle such orders in accordance with the NTGIL Order Execution Policy. We may also trade with TNTC for Spot FX instruments in line with our order execution policy.

Northern Trust Securities, Inc. (NTSI) and Northern Trust Securities LLP (NTS) are NTGIL's indirect affiliates (outside of Northern Trust Asset Management) and operate as broker/dealers. NTGIL does not send any client orders to be traded through or by either firm

ARRANGEMENTS WITH EXECUTION VENUES RELATING TO PAYMENTS, DISCOUNTS, REBATES OR NON-MONETARY BENEFITS

A type of potential conflict that may arise is where Northern Trust EMEA pays or receives a fee, commission or non-monetary benefit in connection with the provision of services to a client (collectively called "inducements").

NTGIL is prohibited from paying/providing or accepting/receiving an inducement unless it is a fee, commission or non-monetary benefit:

- That is designed to enhance the quality of service provided to clients; and
- Does not impair compliance with the duty of the manager to act honestly, fairly, professionally in the best interests of the clients;
- Or is a payment or benefit that is necessary for the provision of service, e.g. custody fees, investment management fees.

Where NTGIL provides portfolio management services, further restrictions apply.

NTGIL has specific arrangements with the following execution venues to receive access to the systems for the purposes of trade execution. The arrangements are not contingent on the provision of any levels of business.

- FXConnect
- MarketAxess
- TradeWeb
- Honeycomb Algori

In line with MiFID inducements provisions, NTGIL is permitted to accept a good or service deemed to be a minor-non monetary benefit. This includes hospitality of a reasonable de-minimis , such as food and drink during business meals, a conference or seminar.

CHANGES OF EXECUTION VENUES/ FIRMS TO WHICH ORDERS ARE TRANSMITTED DURING 2017

A small number of brokers which were previously approved as counterparties were removed during 2017 on the basis that they were no longer used for the execution of transactions, with no anticipated likelihood of use in the foreseeable future.

- **Equities**

The only additional change during the period was to add a broker (to whom NTGIL does not transmit orders directly) to enable access to the Chinese market following the agreement of the Shanghai-Hong Kong Stock Connect.

- **Bonds**

During 2017 a small number of brokers were added for several different factors, these were;

1. For the purpose of achieving more competitive terms when trading small sized orders, where we identified brokers were not consistently pricing aggressively. Recent analysis indicates the addition has been successful in aiding efforts to achieve best execution for such orders.
2. To access a platform to achieve best execution in the limited circumstances where NTGIL portfolio managers may look to externally match client orders, no such transactions have taken place since the platform was added.

- **Money Market Instruments**

A number of brokers were added during 2017 for the following reasons:

1. To access the most competitive pricing for new issuances where existing brokers were not offering coverage.
2. To add the ability to place overnight deposits directly with a broker.

- **Derivatives**

There were no changes made during the year.

TREATMENT OF DIFFERENT CLIENT CLASSIFICATIONS

NTGIL only services professional clients, therefore the same order execution arrangements apply for all client orders for each class of financial instrument. NTGIL does not execute client orders for retail clients

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